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SUBJECT: AUSTRIA'S NEW CABINET: LABOR MINISTER RUDOLF HUNDSTORFER

¶1. (U) The following is a profile of Rudolf Hundstorfer, of the Social Democratic Party (SPÖ), who has been named Labor Minister in the new GOA cabinet.

Experience

¶2. (U) Hundstorfer was born September 19, 1951 in Vienna. He began his working life as a clerk with the City of Vienna municipal administration, and later became a member of the Municipal Workers' Union. In the 1970s, he served as youth representative in the union, and later as its organizational manager. Since the late 1990s he has been chairman of the Vienna chapter and, since 2003, national chairman of the Municipal Workers' Union. From 2003 to 2006, he was one of several vice presidents of the National Trade Union Federation (OGB), and in 2006 he became OGB President. From 2003 to 2006, Hundstorfer headed the Vienna chapter of the Social-Democrat faction (FSG) in the OGB. He was a member of Vienna's municipal/state parliament from 1990 to 2007, and President of the Vienna legislature from 1995 to 2007.

¶3. (U) Hundstorfer gained nationwide attention when he was appointed interim president of the OGB following the resignation of long-time OGB President Fritz Verzetsnitsch in March 2006 over a banking scandal. That scandal also implicated the Austrian trade union movement and pushed the OGB close to bankruptcy. Am 8. In September 2005 unterschrieb er eigenhändig als Vertreter aller drei BAWAG-Aktionäre (Gewerkschafts-Stiftung, Vermögensverwaltung und VGB), dass Verbindlichkeiten in Höhe von 1,53 Milliarden Euro der BAWAG dem VGB übertragen werden. In September 2005, Hundstorfer signed over, as the representative of all three BAWAG shareholders (union Foundation, asset management and OGB), a BAWAG debt of 1.53 billion euros to the OGB. Hundstorfer verschwieg dies bis Juni 2006 und rechtfertigte sich dann, als er von Medien mit seinem Handeln konfrontiert wurde, mit den Worten: "Ich wusste nicht, was ich da unterschrieb". Hundstorfer avoided addressing the media until June 2006, and when confronted remarked, "I did not know what I signed." As OGB president, Hundstorfer won respect for his crisis management during that turbulent period and for successfully relaunching the Austrian trade union movement.

¶4. (U) As OGB president, Hundstorfer has been one of the key players in the Austrian "social partnership" system. With his counterpart, Economic Chamber President Christoph Leitl, he helped to reanimate this cooperative labor-management platform. Hundstorfer's appointment as Labor Minister, alongside that of former Economic Chamber Secretary Reinhold Mitterlehner as Economics Minister, is a strong sign of life for the social partnership, which had been sidelined in the previous two governments.

Family

¶5. (U) Hundstorfer has married three times; he remarried his first wife after his second marriage. He has a daughter and two stepchildren.

COMMENT: A Palliative for the Financial Crisis

¶6. (U) Hundstorfer will be hard pressed to address the projected

impact of the global financial crisis on the Austrian labor market (mass layoffs already appear certain, for instance in the large automotive supplier sector). Having a "labor man" like Hundstorfer in office will help keep social peace, but won't make policy choices easier.

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